SHRIMATI AMBIKA SONI: Sir, even though the qustion by the hon. Member does not pertain to the main question, I have a list with me about the State-wise allocations made in the Tenth Five Year Plan and the number of projects sanctioned in each State. The hon. Member specifically mentioned Tamil Nadu. In the Tenth Five Year Plan, for Tamil Nadu was sanctioned 62 projects and gave Rs. 103.45 crore. For Madhya Pradesh, in the Tenth Five Year, 62 projects were sanctioned and we gave the help of Rs. 97 crore.

MR. CHAIRMAN: The Question Hour is over.

WRITTEN ANSWERS TO STARRED QUESTIONS

Interest Rate on agricultural Loan

†*265. SHRI RAJ MOHINDER SINGH MAJITHA:
DR. MURLI MANOHAR JOSHI:

Will the Minister of FINANCE be pleased to state:

(a) whether a demand has been made to charge the rate of interest upto four per cent on the agricultural loan to provide relief to the agriculture sector;

(b) if so, the when this demand first came before Government; and

(c) the action taken so far by Government to meet this demand?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) In 2006, the National Commission for Farmers (NCF), headed by Dr. M.S. Swaminathan, had recommended in its Third Report to the Government of India (GoI) that keeping in view the decline in the profitability of agriculture and increasing farmers' distress and indebtedness, GoI may consider providing support to the banking system for reducing the rate of interest for crop loans to 4% during the year of Agricultural Renewal. However, in its revised Draft National Policy for Farmers sent along with its Fifth and Final Report, the recommendation is that there should be a reasonable rate of interest on crop loans.

(c) After deregulation of interest rates on loans, banks are free to determine the lending rate of interest taking into account, inter-alia, the cost of funds and the risk element involved. RBI has stipulated that interest rate on loans by Commercial Banks upto Rs. 2.00 lakhs should not exceed the Benchmark Prime Lending Rate (BPLR) and loans upto Rs. 50,000/- should be collateral free.

To reduce the burden of interest on Crop Loans availed by farmers for Kharif and Rabi 2005-06, an amount equal to two percentage points of the borrowers' liability on the principal amount upto Rs. 1,00,000/- was credited to their account. Thereafter, from Kharif 2006, to ensure that the farmer receives Short-Term Production Credit at 7% with an upper limit of Rs. 3 Lakh on the principal amount, the Government is providing interest subvention of 2% per annum to Public Sector Banks, Regional Rural Banks and Cooperative Banks on their lending from their own resources. The Government is also providing interest subvention to NABARD for making refinance available at concessional rates to Cooperative banks and Regional Rural Banks.

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†Original notice of the question was received in Hindi.